

Message Text

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PAGE 01 STATE 172810
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E.O. 11652: GDS

TAGS: CASC, CGEN, BGEN (CRAWFORD, FRANCIS JAY)

SUBJECT: SHULMAN MEETING WITH INTERNATIONAL HARVESTER
OFFICIALS

REF: MOSCOW 15456

1. SUMMARY: IN MEETING WITH SHULMAN AND OTHER DEPARTMENT
OFFICERS, INTERNATIONAL HARVESTER OFFICIALS EXPLAINED
THEIR COMPANY'S HANDLING OF CRAWFORD CASE TO DATE AND
INDICATED THEY PLAN TO PURSUE TOUGHER LINE WITH SOVIETS.
SHULMAN WAS NOT SANGUINE ABOUT PROSPECTS FOR POLITICAL
SOLUTION TO CASE IN NEAR FUTURE. END SUMMARY

2. MARSHALL SHULMAN JULY 8 DISCUSSED CRAWFORD CASE AT HIS
OFFICE WITH THREE INTERNATIONAL HARVESTER OFFICIALS --
VICE PRESIDENT AND GENERAL COUNSEL WILLIAM W. CRAWFORD (NOT
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PAGE 02 STATE 172810

RELATED TO JAY CRAWFORD), ASSOCIATE GENERAL COUNSEL ROBERT
W. BOOTH, WHO HAD RECENTLY RETURNED FROM MOSCOW VISIT; AND
ROBERT J. MCMANIMEN, RETIRED EXECUTIVE NOW ON CONSULTANT
STATUS. OTHER DEPARTMENT OFFICERS WHO PARTICIPATED IN THE
MEETING INCLUDED EUR DEPUTY ASSISTANT SECRETARY LUERS AND
EUR;SOV DIRECTOR SHINN. QUESTIONS DISCUSSED INCLUDED THE
FOLLOWING:

3. CHARGES THAT I-H CONDUCTED "BUSINESS AS USUAL" WITH SOVIETS: I-H EXECUTIVES DEFENDED FIRM'S CONDUCT WITH THE SOVIETS IN MOSCOW WHILE CRAWFORD WAS IN JAIL. THEY BROUGHT UP THE TOPIC, AND VOLUNTEERED AWARENESS OF CRITICISM BY THE EMBASSY AND PRESS. THEY STRESSED THAT THEY INITIALLY HAD TRIED TO MAINTAIN EXISTING COMMERCIAL CONTACTS WITH SOVIETS IN EFFORT TO BE HELPFUL TO HIM, AND FELT THAT SENDING REPLACEMENT AND KEEPING MOSCOW I-H OFFICE OPEN SEEMED CLEARLY TO HIS ADVANTAGE. THEY CITED STRONG WRITTEN AND ORAL PROTESTS WHICH I-H HAD MADE IN US TO DOBRYNIN, SUSHKOV AND OTHER SOVIET OFFICIALS IN US.

4. FUTURE I-H STRATEGY WITH SOVIETS: SHULMAN REITERATED HIS ADVICE THAT CONTINUING TO CONDUCT BUSINESS ROUTINELY AND FAILURE TO REPRESENT CRAWFORD CASE TO SOVIETS AS DISRUPTIVE RISKED GIVING WRONG SIGNAL. SOVIETS MAY HAVE BEEN LEFT WITH IMPRESSION FIRM WAS ONLY MODERATELY CONCERNED AND THAT SOVIETS COULD CONTINUE TRADE WITH NO COST FOR CRAWFORD ARREST. I-H OFFICIALS INDICATED FIRM IS FOLLOWING ADVICE TO TAKE TOUGHER LINE. THEY CITED LETTER I-H CHAIRMAN BROOKS MCCORMICK IS WRITING TO OTHER FIRMS WHICH DO BUSINESS IN USSR, AND DISCUSSED WITH SHULMAN VARIOUS OTHER SOVIET AND AMERICAN OFFICIALS TO WHOM MCCORMICK MIGHT CONSTRUCTIVELY SEND LETTERS IN NEAR FUTURE, SUCH AS MINISTER OF FOREIGN TRADE PATOLICHEV, ETC. CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 172810

THEY NOTED THAT VOLUME OF I-H BUSINESS WITH SOVIETS IS NOW DOWN AS PART OF OVERALL DECLINE IN SOVIET-AMERICAN TRADE, AND THERE IS NO INDICATION THERE MAY BE MORE BUSINESS IN FORESEEABLE FUTURE.

5. REASON FOR CRAWFORD ARREST: SHULMAN AND DEPARTMENT OFFICERS ALL EXPRESSED VIEW THAT CRAWFORD ARREST WAS UNDOUBTEDLY RELATED TO WOODBRIDGE TWO AND WAS CARRIED OUT AFTER HIGH LEVEL SOVIET GOVERNMENT DECISION. BOOTH SUGGESTED THAT CRAWFORD MAY HAVE BEEN PICKED BECAUSE OF HIS EMBASSY CONNECTION THROUGH OLBRISH, AND CITED THE JUNE 25 INTERROGATION ABOUT HIS EMBASSY CONTACTS (REF MOSCOW 14769). BOOTH SAID CRAWFORD HAD SUGGESTED HE MIGHT HAVE BEEN SINGLED OUT BECAUSE HE WAS ONLY AMERICAN BUSINESS REPRESENTATIVE IN MOSCOW WHO WAS NOT HEAD OF HIS OFFICE.

6. FUTURE COURSE OF CRAWFORD CASE: SHULMAN NOTED THAT ANY RESOLUTION OF THE CASE BEFORE THE WOODBRIDGE CASE IS RESOLVED APPEARS VERY UNLIKELY. DEPTOFFS COMMENTED THAT PRE-TRIAL INVESTIGATION CAN BE EXTENDED AND DRAG ON FOR MONTHS, AS EVIDENCED BY THE SHCHARANSKIY CASE. THEY

THOUGHT I-H HAD BEEN CORRECT IN RETAINING A SOVIET ATTORNEY. WHILE THE CASE WAS CLEARLY POLITICAL A LEGAL DEFENSE COULD HELP BY EMBARRASSING SOVIETS OVER ANY

VIOLATION OF THEIR OWN LEGAL NORMS AND PROCEDURES. THE I-H EXECUTIVES ASKED ABOUT SENDING AN AMERICAN ATTORNEY. DEPTOFFS NOTED THAT AN AMERICAN ATTORNEY WOULD ALMOST CERTAINLY NOT BE ALLOWED TO PARTICIPATE OR SIT WITH THE DEFENSE, BUT SHULMAN COMMENTED THAT THE MERE PRESENCE OF AN AMERICAN ATTORNEY IN THE COURTROOM WOULD BE USEFUL SYMBOL.

7. WOODBRIDGE CASE AND ITS OUTCOME: I-H EXECUTIVES NOTED THAT LINKAGE OF CRAWFORD AND WOODBRIDGE CASE HAD CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 172810

BEEN DEMONSTRATED BY BOTH SIDES IN THE RELEASE OF PRISONERS TO THE RESPECTIVE AMBASSADORS. SHULMAN SAID THE RELEASE WAS NOT A PRECEDENT FOR ANY EXCHANGE OF CRAWFORD FOR THE WOODBRIDGE TWO; ESPIONAGE CANNOT BE EQUATED WITH ALLEGED CURRENCY VIOLATIONS. SHULMAN SAID HE THOUGHT THE WOODBRIDGE CASE WOULD GO TO TRIAL, NOW SCHEDULED FOR SEPTEMBER 12.

8. LEVERAGE ON SOVIETS: I-H EXECUTIVES REITERATED THAT BUSINESS IS DOWN, AND THERE IS NOT MUCH LEVERAGE IN THAT AREA. THEY NOTED THAT AS A DRASTIC MEASURE IF CRAWFORD SHOULD BE SENT TO PRISON, I-H COULD TRY DENYING THE SOVIETS SPARE PARTS, BUT A TOTAL EMBARGO WOULD NOT BE POSSIBLE BECAUSE PARTS COULD BE OBTAINED FROM EUROPE. DEPTOFFS ASKED ABOUT POSSIBLE LEVERAGE ON BELARUS, AND THE I-H EXECUTIVES REPORTED THAT THEY UNDERSTOOD THE SOVIETS WANT TO CLOSE DOWN BELARUS IN THE US BECAUSE OF POOR SALES; I-H DID NOT THINK THERE WAS ANY LEVERAGE THERE.

9. HAMMER LETTER TO BREZHNEV: SHULMAN REPORTED THAT ARMAND HAMMER HAD WRITTEN TO BREZHNEV URGING THAT THE CHARGES AGAINST CRAWFORD BE DROPPED, AND NOTING IN THE LETTER THAT HE HAD NEVER TRIED TO INTERVENE IN ANY SUCH CASE IN THE PAST.

10. I-H EXPRESSED THANKS FOR DEPARTMENT'S AND EMBASSY'S ASSISTANCE, AND UNDERTOOK TO KEEP IN CLOSE CONSULTATION. VANCE

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